

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF GOODRICH	County GENESEE
Audit Date 6/30/05	Opinion Date 9/2/05	Date Accountant Report Submitted to State: 12/9/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

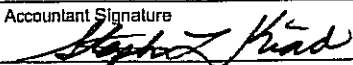
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) LEWIS & KNOPF, P.C.			
Street Address 5206 GATEWAY CENTRE, SUITE 100		City FLINT	State MI
Accountant Signature 		ZIP 48507	Date 12/12/05

VILLAGE OF GOODRICH

GOODRICH, MICHIGAN

AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2005

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

September 2, 2005

INDEPENDENT AUDITOR'S REPORT

To the Village Council
of the Village of Goodrich

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Goodrich, as of and for the year ended June 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Goodrich's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Goodrich as of June 30, 2005, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2005 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages II - X, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Goodrich's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf P.C.

LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

As management of the Village of Goodrich, we offer readers of the Village of Goodrich's financial statements this narrative overview and analysis of the financial activities of the Village of Goodrich for the year ended June 30, 2005.

FINANCIAL HIGHLIGHTS

- A. The net assets of the Village, at the close of the most recent fiscal year were \$2,557,197.
- B. The Village's total net assets increased by \$177,345.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village of Goodrich's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reports as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

Fund Financial Statements: (Continued)

Governmental Funds (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, public improvement fund, municipal complex fund and special assessment bonds fund all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village adopts an annual appropriated budget for its general fund, public improvement fund, municipal complex fund and special assessment bonds fund. Budgetary comparison statements have been provided for these funds in the required supplementary information.

The basic governmental funds financial statements can be found on pages 3 through 4 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise funds to account for its sewer activity.

The proprietary fund financial statements can be found on pages 5 to 7 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8 through 16 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 17 through 20. The other supplementary information can be found on pages 22 through 33 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position. In the case of the Village, assets exceed liabilities by \$2,557,197 at the close of the most recent fiscal year.

Of the Village's net assets 47% reflects its investment in capital assets (e.g., land, furniture and equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

SUMMARY OF NET ASSETS:

	<u>NET ASSETS</u>		
	2005		2004
	Governmental Activities	Business-Type Activities	Total
			Total
Current Assets	\$710,389	\$807,284	\$1,517,673
Noncurrent Assets	1,403,107	1,420,979	2,824,086
Total Assets	\$2,113,496	\$2,228,263	\$4,341,759
Current Liabilities	167,369	171,550	338,919
Noncurrent Liabilities	1,295,643	150,000	1,445,643
Total Liabilities	\$1,463,012	\$321,550	\$1,784,562
Net Assets			
Invested in Capital Assets – Net of Related Debt	43,551	1,125,979	1,169,530
Contributed Capital	0	11,143	11,143
Restricted	216,385	0	216,385
Unrestricted	390,548	769,591	1,160,139
<u>TOTAL NET ASSETS</u>	<u>\$650,484</u>	<u>\$1,906,713</u>	<u>\$2,557,197</u>

During fiscal year ended June 30, 2005, the Village's net assets increased by \$177,345. The Village is able to report positive balances in all four categories of net assets for its business-type activities and positive balances for both restricted and unrestricted in its governmental activities. The Village's Total Net Assets increased to a total of \$2,557,197.

Net Assets - Invested in Capital Assets – Net of Debt

The largest portion of the increase was related to the Village's Invested in Capital Assets – Net of Debt. Net Assets Invested in Capital Assets – Net of Debt increased by \$286,298 during the year due to purchases of new capital assets, including construction in progress, and principal payments on related debt exceeding depreciation.

Net Assets - Contributed Capital

This amount remained unchanged from prior period.

Net Assets - Restricted

The restricted portion of the net assets decreased by \$29,171. Net Assets Restricted consists of debt retirement funds which may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects.

Net Assets - Unrestricted

The Village's Unrestricted Net Assets decreased by \$79,782 during the year. These funds are used to meet governments ongoing obligations to citizens and creditors. The majority of this decrease represents the degree in which increases in ongoing expenses have outstripped increases in ongoing revenues.

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

RESULTS OF OPERATIONS:

CHANGES IN NET ASSETS

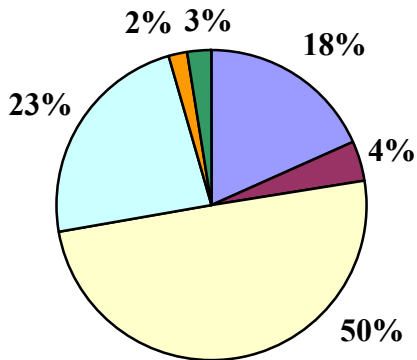
	<u>2005</u>			<u>2004</u>
	<u>Governmental</u>	<u>Business Type</u>		
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Revenues:				
Program Revenues:				
Charges for Services	\$151,432	\$253,343	\$404,775	\$360,367
Operating Grants/Contributions	34,568	0	34,568	43,034
General Revenues:				
Property Taxes	403,559	0	403,559	390,899
State Sources	194,149	0	194,149	199,787
Investment Earnings	15,896	17,910	33,806	38,450
Other	31,449	440	31,889	4,021
Total Revenues	<u>\$831,053</u>	<u>\$271,693</u>	<u>\$1,102,746</u>	<u>\$1,036,558</u>
Functions/Program Expenses:				
General Government	170,657	0	170,657	172,941
Community Development	14,187	0	14,187	9,578
Legislative	3,241	0	3,241	2,342
Election	2,968	0	2,968	1,017
Police Protection	150	0	150	2,100
Community Center	19,878	0	19,878	15,856
Village Property	74,939	0	74,939	101,145
Highways, Streets and Bridges	158,847	0	158,847	106,258
Parks and Recreation	52,621	0	52,621	55,723
Building Inspector	42,831	0	42,831	22,931
Garbage Collection	57,255	0	57,255	53,278
Planning	700	0	700	1,280
Zoning Board	160	0	160	240
Interest on Long-Term Obligations	47,135	0	47,135	27,122
Sewer	0	279,832	279,832	269,903
Total Expenses	<u>\$645,569</u>	<u>\$279,832</u>	<u>\$925,401</u>	<u>\$841,714</u>
<u>INCREASE IN NET ASSETS</u>	<u>\$185,484</u>	<u>(\$8,139)</u>	<u>\$177,345</u>	<u>\$194,844</u>

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Revenues by Source – Governmental Activities

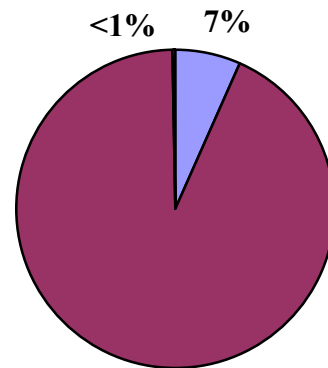
Total Revenues = \$831,053



Charges for Services - 18%
Operating Grants - 4%
Property Tax - 50%
State Sources - 23%
Investment Earnings - 2%
Other - 3%

Revenues by Source – Business-Type Activities

Total Revenues = \$271,693



Investment Earnings - 7%
Charges for Services - 93%
Other - <1%

Results of Operations

Overall revenue increased by \$66,188 due primarily to increased activity in sewer tap-in fees, building permits and property taxes.

Overall expenses increased by \$121,588 due primarily from interest, principal payments on debt, building inspector wages and the purchase of fixed assets

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Analysis of Financial Position

The focus of the Village's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

General Fund

The Village's general fund is the chief operating fund of the Village. Unreserved fund balance for the general fund increased by \$17,973 during the year with the increase appearing in cash and receivables. Revenues for the year increased by \$74,669 primarily from an increase in property taxes, and building permits activity. Expenditures and other financing uses increased by \$117,474, primarily due to increases in building inspector wages and capital outlay related to a drain project and the purchase of equipment.

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (Continued)

Analysis of Financial Position (Continued)

Capital Project Funds

Capital Project Funds are used to account for the significant construction projects of the Village.

* Public Improvement Fund

Reserved fund balance for the public improvement fund decreased by \$13,370 during the year with the decrease appearing in cash. Revenues for the year decreased by \$42,801 primarily due to decreases in state reimbursements and transfers from general fund. Expenditures and other financing uses decreased by \$5,132.

* Municipal Complex Fund

Reserved fund balance for the municipal complex fund decreased by \$36,005 during the year with the decrease appearing in cash. A bond was issued in 2004 for \$1,060,000 to construct a new complex. The revenues consisted mainly of bond proceeds and transfers from general fund. The expenditures consisted of construction in progress of \$474,817.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

* Special Assessment Bonds

Reserved fund balance for the special assessment fund decreased by \$14,257 during the year with the decrease appearing in cash. Revenues for the year decreased by \$3,042 primarily from interest. The fund had expenditures of \$29,485 which were used to pay the required interest and principal payments of the Village's bonded debt.

FINANCIAL ANALYSIS OF BUSINESS-TYPE ACTIVITIES

Enterprise Fund

This fund accounts for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The sewer fund accounts for all activities related to the sewage collection system.

Net Assets for the enterprise fund decreased by \$8,139 during the year with the decrease appearing in accumulated depreciation related to the sewer system. Revenues for the year increased by \$6,016 primarily from sewer tap in fees. Expenditures and other financing uses increased by \$19,466, primarily due to increases in salaries and related expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2005, the Village had \$3,626,459 invested in land, furniture and equipment, leasehold improvements, vehicles and sewer system; and \$83,604 in construction in progress for its governmental and business-type activities. Of this amount, \$885,977 in depreciation has been taken over the years. We currently have net book value of \$2,824,086. Total acquisitions for the year were \$1,105,344 and depreciation expense was \$90,280.

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)

	Governmental Activities	Business Type Activities	Total
Land	\$150,000	\$0	\$150,000
Buildings and Improvements	\$919,729		
Furniture and Equipment	53,365	0	53,365
Leasehold Improvements	98,066	0	98,066
Vehicles	98,343	0	98,343
Sewer System	0	1,420,979	1,420,979
<u>TOTAL</u>	<u>\$1,319,503</u>	<u>\$1,420,979</u>	<u>\$1,820,753</u>

Significant additions to fixed assets were the addition of the municipal complex, installation of storm sewer and the purchase of a dump truck.

Debt, Principal Payments

The Village made principal payments on bonded, long term debt obligations that reduced the amount of the Village's long term liabilities as follows:

	Balance 7-1-04	Additions	Deductions	Balance 6-30-05
<u>Governmental Activities:</u>				
Bonds Payable	\$831,000	\$436,000	\$40,000	\$1,227,000
Contracts Payable	155,186	0	22,630	132,556
<u>Total Governmental Activities</u>	<u>\$986,186</u>	<u>\$436,000</u>	<u>\$62,630</u>	<u>\$1,359,556</u>
<u>Business-Type Activities:</u>				
Bonds Payable	\$435,000	\$0	\$140,000	\$295,000

At the end of the current fiscal year, the Village had total long-term debt outstanding of \$1,654,556. Of this amount, \$1,227,000 comprises debt backed by the full faith and credit of the government. \$295,000 of the Village's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The remaining \$132,556 represents contracts payable.

The Village's total debt increased by \$233,370 during the fiscal year. The key factor in this increase was the \$436,000 of general obligation bonds issued for the construction of a new complex.

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

GENERAL FUND BUDGET VS. ACTUAL

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original & Final Budget %</u>	<u>Variance Actual & Final Budget %</u>
Revenues	\$648,680	\$692,179	\$697,685	6.71	0.80
Expenditures	648,680	762,626	679,712	17.57	10.87
<u>TOTAL</u>	<u>\$0</u>	<u>(\$70,447)</u>	<u>\$17,973</u>		

Original vs. Final Budgets

Revenues

Differences between the original budget and the final amended budget totaled an increase of \$43,499 due to increases in building activity and various related revenue sources

Expenditures

Differences between the original budget and the final amended budget totaled an increase of \$113,946. Major summaries are as follows:

- increase of \$38,923 in general government activities
- increase of \$61,300 in village property activities
- increase of \$38,012 in highways, streets, and bridges activities

Actual Results vs. Final Budgets

Revenues

During the year budgetary estimates for revenue exceeded what was actually received by \$5,506.

Expenditures

During the year budgetary estimates for expenditures exceeded what was actually spent by \$82,914. The village cut back on expenses.

VILLAGE OF GOODRICH - GOODRICH, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

Economic Factors and Next Year's Budget and Rates

Revenue sharing is the most significant budgetary concern at this time. Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods.

The Village of Goodrich's 2005/2006 adopted budget is as follows:

REVENUE

Taxes	\$313,189
State Sources	94,500
Other	<u>154,500</u>
Total Revenue Collected	\$562,189

EXPENDITURES

General Government	172,115
Legislative	4,520
Election	2,500
Police Protection	2,000
Community Center	20,410
Village Property	119,604
Highways, Streets and Bridges	38,700
Parks and Recreation	17,880
Building Inspector	42,966
Garbage Collection	64,500
Planning	2,160
Disaster Fund	500
Zoning Board	1,440
Transfers	<u>44,928</u>
Total Expenditures	<u>534,223</u>

NET OVER BUDGET

\$27,966

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Village's finances. If you have questions about this report or need additional information, contact the Village Office, Village of Goodrich.

VILLAGE OF GOODRICH, MICHIGAN
STATEMENTS OF NET ASSETS
JUNE 30, 2005 AND 2004

	2005			2004
	Governmental Activities	Business-Type Activities	Total	Total
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$571,642	\$753,842	\$1,325,484	\$1,346,245
Accounts Receivable	80,590	0	80,590	108,022
Internal Balances	19,721	0	19,721	0
Interest Receivable	1,045	4,043	5,088	6,387
Fees Receivable	0	49,399	49,399	79,434
Special Assessments Receivable	37,191	0	37,191	47,101
Prepaid Expenses	200	0	200	7,675
Total Current Assets	\$710,389	\$807,284	\$1,517,673	\$1,594,864
<u>NON-CURRENT ASSETS</u>				
Construction in Progress	83,604	0	83,604	587,010
Capital Assets	1,422,244	2,204,215	3,626,459	2,521,115
Less: Accumulated Depreciation	(102,741)	(783,236)	(885,977)	(803,707)
Total Noncurrent Assets	\$1,403,107	\$1,420,979	\$2,824,086	\$2,304,418
<u>TOTAL ASSETS</u>	\$2,113,496	\$2,228,263	\$4,341,759	\$3,899,282
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	87,950	6,829	94,779	69,512
Internal Balances	0	19,721	19,721	0
Deferred Revenue	5,807	0	5,807	18,717
Accrued Expenses	9,699	0	9,699	10,015
Current Portion of Long-Term Obligations	63,913	145,000	208,913	202,630
Total Current Liabilities	\$167,369	\$171,550	\$338,919	\$300,874
<u>NON-CURRENT LIABILITIES</u>				
Non-Current Portion of Long-Term Obligations	1,295,643	150,000	1,445,643	1,218,556
<u>TOTAL LIABILITIES</u>	\$1,463,012	\$321,550	\$1,784,562	\$1,519,430
<u>NET ASSETS</u>				
<u>NET ASSETS</u>				
Invested in Capital Assets - Net of Related Debt	43,551	1,125,979	1,169,530	883,232
Contributed Capital	0	11,143	11,143	11,143
Restricted	216,385	0	216,385	245,556
Unrestricted	390,548	769,591	1,160,139	1,239,921
<u>TOTAL NET ASSETS</u>	\$650,484	\$1,906,713	\$2,557,197	\$2,379,852

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005 (WITH COMPARATIVE TOTALS FOR 2004)

FUNCTIONS/PROGRAMS	2005						2004
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities:							
General Government	\$170,657	\$9,980	\$0	(\$160,677)	\$0	(\$160,677)	(\$161,184)
Community Development	14,187	0	14,187	0	0	0	0
Legislative	3,241	0	0	(3,241)	0	(3,241)	(2,342)
Election	2,968	0	0	(2,968)	0	(2,968)	(1,017)
Police Protection	150	0	0	(150)	0	(150)	(2,100)
Community Center	19,878	0	0	(19,878)	0	(19,878)	(15,856)
Village Property	74,939	56,257	20,381	1,699	0	1,699	(41,695)
Highways, Streets and Bridges	158,847	25,797	0	(133,050)	0	(133,050)	(85,787)
Parks and Recreation	52,621	0	0	(52,621)	0	(52,621)	(55,723)
Building Inspector	42,831	0	0	(42,831)	0	(42,831)	(22,931)
Garbage Collection	57,255	57,648	0	393	0	393	368
Planning	700	0	0	(700)	0	(700)	(1,280)
Zoning Board	160	1,750	0	1,590	0	1,590	2,380
Interest on Long-Term Obligations	47,135	0	0	(47,135)	0	(47,135)	(27,122)
Total Governmental Activities	\$645,569	\$151,432	\$34,568	(\$459,569)	\$0	(\$459,569)	(\$414,289)
Business-Type Activities:	279,832	253,343	0	0	(26,489)	(26,489)	(24,024)
<u>TOTALS</u>	<u>\$925,401</u>	<u>\$404,775</u>	<u>\$34,568</u>	<u>(\$459,569)</u>	<u>(\$26,489)</u>	<u>(\$486,058)</u>	<u>(\$438,313)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes				403,559	0	403,559	390,899
State Sources				194,149	0	194,149	199,787
Investment Earnings				15,896	17,910	33,806	38,450
Miscellaneous				21,912	9,977	31,889	4,021
Internal Transfers				9,537	(9,537)	0	0
Total General Revenues and Transfers				\$645,053	\$18,350	\$663,403	\$633,157
Change in Net Assets				\$185,484	(\$8,139)	\$177,345	\$194,844
Net Assets - Beginning				465,000	1,914,852	2,379,852	2,185,008
<u>Net Assets - Ending</u>				<u>\$650,484</u>	<u>\$1,906,713</u>	<u>\$2,557,197</u>	<u>\$2,379,852</u>

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2005

	General Fund	Public Improvement Fund	Municipal Complex Fund	Special Assessment Bonds Fund	Other Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$231,865	\$132,763	\$10,708	\$108,211	\$88,095
Accounts Receivable	21,929	20,380	23,094	0	15,187
Interest Receivable	0	846	0	199	0
Due from Other Funds	76,376	0	0	0	0
Special Assessments Receivable	0	0	0	37,191	0
Prepaid Expenditures	200	0	0	0	0
<u>TOTAL ASSETS</u>	<u>\$330,370</u>	<u>\$153,989</u>	<u>\$33,802</u>	<u>\$145,601</u>	<u>\$103,282</u>
<u>LIABILITIES</u>					
Accounts Payable	\$37,817	\$25,475	\$23,531	\$0	\$1,127
Due to Other Funds	0	30,265	10,912	0	15,478
Deferred Revenue	5,807	0	0	37,191	0
Total Liabilities	\$43,624	\$55,740	\$34,443	\$37,191	\$16,605
<u>FUND BALANCES</u>					
Reserved - Dare	10,792	0	0	0	0
Reserved - Debt Retirement	0	0	0	108,410	(425)
Reserved - Capital Projects	0	98,249	(641)	0	0
Unreserved	275,954	0	0	0	87,102
Total Fund Balances	\$286,746	\$98,249	(\$641)	\$108,410	\$86,677
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$330,370</u>	<u>\$153,989</u>	<u>\$33,802</u>	<u>\$145,601</u>	<u>\$103,282</u>

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2005

Total Governmental Funds	Total Governmental Fund Balances:		\$579,441
\$571,642	Amounts reported for governmental activities in the statement of		
80,590	net assets are different because:		
1,045	Capital assets used in governmental activities are not financial		
76,376	resources and therefore are not reported as assets in governmental		
37,191	funds. The cost of the assets is \$1,422,244 and the		
200	accumulated depreciation is \$105,530		1,319,503
\$767,044	Construction in Progress		83,604
	Accrued Interest on Long-Term Debt		(9,699)
\$87,950			
56,655	Deferred Revenue - Special Assessments		37,191
42,998			
\$187,603	Long-term liabilities, including bonds payable, are not due and		
	payable in the current period and therefore are not reported as		
	liabilities in the funds. Long-term liabilities at year end consist of:		
10,792			
107,985	Bonds Payable	\$1,227,000	
97,608	Contracts Payable	132,556	
363,056	Total Long-Term Liabilities		(1,359,556)
\$579,441			
	<u>TOTAL NET ASSETS -</u>		
	<u>GOVERNMENTAL ACTIVITIES</u>		<u>\$650,484</u>
\$767,044			

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	General	Public	Municipal	Special	Other
	Fund	Improvement	Complex	Assessment	Governmental
<u>REVENUES</u>		Fund	Fund	Bonds Fund	Funds
Taxes	\$413,469	\$0	\$0	\$0	\$0
State Sources	100,258	20,381	0	0	93,891
Federal Sources	14,187	0	0	9,910	0
Other Sources	169,771	2,955	40	5,318	1,246
Total Revenues	\$697,685	\$23,336	\$40	\$15,228	\$95,137
<u>EXPENDITURES</u>					
Current:					
General Government	183,103	0	0	0	0
Community Development	0	0	14,187	0	0
Legislative	3,241	0	0	0	0
Election	2,968	0	0	0	0
Police Protection	150	0	0	0	0
Community Center	19,878	0	0	0	0
Village Property	223,163	0	460,630	0	0
Highways, Streets and Bridges	73,890	0	0	0	84,957
Parks and Recreation	15,915	36,706	0	0	0
Building Inspector	42,831	0	0	0	0
Garbage Collection	57,255	0	0	0	0
Planning	700	0	0	0	0
Zoning Board	160	0	0	0	0
Debt Retirement					
Principal	0	0	0	20,000	20,000
Interest	0	0	0	9,000	37,691
Other	0	0	0	485	275
Total Expenditures	\$623,254	\$36,706	\$474,817	\$29,485	\$142,923
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	\$74,431	(\$13,370)	(\$474,777)	(\$14,257)	(\$47,786)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers to (from) Other Funds	(56,458)	0	14,187	0	51,808
Proceeds from Bonds	0	0	459,095	0	0
Total Other Financing Sources (Uses)	(\$56,458)	\$0	\$473,282	\$0	\$51,808
Net Change in Fund Balance	\$17,973	(\$13,370)	(\$1,495)	(\$14,257)	\$4,022
<u>FUND BALANCE - BEGINNING</u>	268,773	111,619	854	122,667	82,655
<u>FUND BALANCE - ENDING</u>	\$286,746	\$98,249	(\$641)	\$108,410	\$86,677

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Total Governmental Funds	Total net change in fund balances - governmental funds	(\$7,127)
\$413,469	Amounts reported for governmental activities in the statement of activities are different because:	
214,530		
24,097	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	491,971
179,330		
\$831,426		
183,103	Construction in Progress	83,604
14,187		
3,241	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	62,630
2,968		
150		
19,878		
683,793	Proceeds from Bonds	(436,000)
158,847		
52,621	Revenue is recorded on the accrual method in the statement of activities; in the governmental fund it is recorded on the modified accrual method and not considered available:	
42,831	Deferred Revenue Beginning of Year - Special Assessment	(47,101)
57,255	Deferred Revenue End of Year - Special Assessment	37,191
700		
160		
40,000	Change in accrued interest on long-term liabilities	316
46,691		
760		
\$1,307,185	<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$185,484</u>
(\$475,759)		
9,537		
459,095		
\$468,632		
(\$7,127)		
586,568		
\$579,441		

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUND
AS OF JUNE 30, 2005

	<u>Enterprise</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$753,842
Interest Receivable	4,043
Fees Receivable	49,399
Total Current Assets	<u>\$807,284</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets:	
Sewer System	2,204,215
Less Accumulated Depreciation	(783,236)
Total Noncurrent Assets	<u>\$1,420,979</u>
<u>TOTAL ASSETS</u>	\$2,228,263
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	6,829
Due to Other Funds	19,721
Current Portion of Long-Term Obligations	145,000
Total Current Liabilities	<u>\$171,550</u>
<u>NON-CURRENT LIABILITIES</u>	
Non-Current Portion of Long-Term Obligations	<u>150,000</u>
<u>TOTAL LIABILITIES</u>	\$321,550
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	1,125,979
Contributed Capital	11,143
Unrestricted	769,591
<u>TOTAL NET ASSETS</u>	<u>\$1,906,713</u>

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Enterprise</u>
<u>OPERATING REVENUES</u>	
Charges for Services	\$178,382
Tap-In Fees	74,961
Miscellaneous Income	9,977
Total Operating Revenues	<u>\$263,320</u>
<u>OPERATING EXPENSES</u>	
Salaries and Wages	40,137
Payroll Taxes	3,282
Fringe Benefits	6,386
Equipment Maintenance	32,783
Contracted Services	3,038
Telephone	588
Utilities	1,023
Supplies	2,743
Insurance	3,249
Rent	1,058
Usage Fees	103,675
Miscellaneous	9,698
Depreciation	55,907
Total Operating Expenses	<u>\$263,567</u>
Operating (Loss)	(\$247)
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Revenue	17,910
Interest Expense and Fiscal Charges	(16,265)
Transfer to Municipal Complex Construction	(9,537)
Total Nonoperating Revenues (Expenses)	<u>(\$7,892)</u>
Change in Net Assets	(\$8,139)
<u>NET ASSETS - BEGINNING</u>	<u>1,914,852</u>
<u>NET ASSETS - ENDING</u>	<u>\$1,906,713</u>

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Enterprise</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from Service Users	\$188,359
Cash Received from Sewer Installations	106,216
Cash Payments for Goods and Services	(138,248)
Cash Payments to Employees	(49,805)
Net Cash Provided by Operating Activities	<u>\$106,522</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Cash Payments on Bonds Payable	(140,000)
Cash Payments for Interest and Fiscal Charges	<u>(16,265)</u>
Net Cash (Used In) Capital and Related Financing Activities	(\$156,265)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Transfer to Other Funds	(9,537)
Interest Earned on Investments	<u>17,910</u>
Net Cash Provided By Investing Activities	<u>\$8,373</u>
<u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(\$41,370)
<u>BALANCE - BEGINNING OF YEAR</u>	<u>795,212</u>
<u>BALANCE - END OF YEAR</u>	<u><u>\$753,842</u></u>
<u>Reconciliation of Operating (Loss) to Net Cash Provided (Used)</u>	
<u>By Operating Activities</u>	
Operating (Loss)	(\$247)
Adjustments to Reconcile Operating (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation and Amortization	55,907
(Increase) Decrease in Assets	
Accounts Receivable	30,035
Interest Receivable	1,220
Increase (Decrease) in Liabilities	
Accounts Payable	(115)
Due to Other Funds	<u>19,722</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u><u>\$106,522</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Taxes	\$408,835	\$413,364	\$413,469	\$105
State Sources	102,840	103,940	100,258	(3,682)
Federal Sources	15,000	15,464	14,187	(1,277)
Other Sources	122,005	159,411	169,771	10,360
Total Revenues	\$648,680	\$692,179	\$697,685	\$5,506
<u>EXPENDITURES</u>				
Current:				
General Government	190,929	229,852	183,103	46,749
Community Development	15,000	0	0	0
Legislative	4,520	4,520	3,241	1,279
Election	0	3,700	2,968	732
Police Protection	2,200	700	150	550
Community Center	28,212	24,022	19,878	4,144
Village Property	174,198	235,498	223,163	12,335
Highways, Streets and Bridges	42,850	80,862	73,890	6,972
Parks and Recreation	13,762	23,162	15,915	7,247
Building Inspector	25,474	44,899	42,831	2,068
Garbage Collection	57,300	57,300	57,255	45
Planning	2,160	900	700	200
Disaster Fund	500	500	0	500
Zoning Board	1,440	240	160	80
Total Expenditures	\$558,545	\$706,155	\$623,254	\$82,901
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$90,135	(\$13,976)	\$74,431	\$88,407
<u>OTHER FINANCING SOURCES (USES)</u>	<u>(90,135)</u>	<u>(56,471)</u>	<u>(56,458)</u>	<u>13</u>
Net Change in Fund Balance	\$0	(\$70,447)	\$17,973	\$88,420
<u>FUND BALANCE - BEGINNING</u>			<u>268,773</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$286,746</u>	

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
State Sources	\$0	\$0	\$20,381	\$20,381
Other Sources	600	1,013	2,955	1,942
Total Revenues	<u>\$600</u>	<u>\$1,013</u>	<u>\$23,336</u>	<u>\$22,323</u>
<u>EXPENDITURES</u>				
Current:				
Parks and Recreation	4,025	63,658	36,706	26,952
Net Change in Fund Balance	<u>(\$3,425)</u>	<u>(\$62,645)</u>	<u>(\$13,370)</u>	<u>\$49,275</u>
<u>FUND BALANCE - BEGINNING</u>			<u>111,619</u>	
<u>FUND BALANCE - ENDING</u>			<u><u>\$98,249</u></u>	

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COMPLEX FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Other Sources	\$5	\$50	\$40	(\$10)
<u>EXPENDITURES</u>				
Current:				
Community Development	0	14,188	14,187	1
Village Property	100,005	486,005	460,630	25,375
Total Expenditures	<u>\$100,005</u>	<u>\$500,193</u>	<u>\$474,817</u>	<u>\$25,376</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$100,000)	(\$500,143)	(\$474,777)	(\$25,386)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds	0	14,188	14,187	(1)
Bond Proceeds	100,000	500,000	459,095	(40,905)
Total Other Financing Sources (Uses)	<u>\$100,000</u>	<u>\$514,188</u>	<u>\$473,282</u>	<u>(\$40,906)</u>
Net Change in Fund Balance	\$0	\$14,045	(\$1,495)	(\$66,292)
<u>FUND BALANCE - BEGINNING</u>			<u>854</u>	
<u>FUND BALANCE - ENDING</u>			<u>(\$641)</u>	

VILLAGE OF GOODRICH, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL ASSESSMENT BONDS FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Taxes	\$7,446	\$7,446	\$9,910	\$2,464
Other Sources	4,232	5,432	5,318	(114)
Total Revenues	\$11,678	\$12,878	\$15,228	\$2,350
<u>EXPENDITURES</u>				
Current:				
Principal	20,000	20,000	20,000	0
Interest	9,000	9,000	9,000	0
Other	725	725	485	240
Total Expenditures	\$29,725	\$29,725	\$29,485	\$240
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(\$18,047)	(\$16,847)	(\$14,257)	\$2,110
<u>FUND BALANCE - BEGINNING</u>			122,667	
<u>FUND BALANCE - ENDING</u>			\$108,410	

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

1) REPORTING ENTITY

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. The Village of Goodrich's Council is the primary government which has oversight responsibility and control over all activities related to sanitation, public improvements, planning and zoning, and general administrative services within the Village. The Village receives funding from local, state and federal government sources and must comply with the accompanying requirements of these funding sources. However, the Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements since the Village Council is a publicly elected governing body that has separate legal standing and is fiscally independent of other governmental entities. As such, the Village Council has decision making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Police protection is provided by a police administrative board who contracts with the Genesee County Sheriff's Department. The police administrative board consists of representatives appointed by the Village and Atlas Township. The Township of Atlas has oversight responsibilities.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Village of Goodrich conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the Village's overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the Village's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). The government-wide financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the Village are grouped into the categories governmental and proprietary.

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Village. Revenues are derived primarily from property taxes and state distributions, grants and other intergovernmental revenues.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Major and minor street funds account for the resources of state gas and weight revenues that are restricted for use on streets.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. (Special Assessments Bonds, Michigan Transportation Bonds Fund and Capital Improvement Bond).

Capital Projects Fund

The Capital Projects Fund is used to account for the significant construction projects of the Village. (Public Improvement Fund and Municipal Complex Fund).

PROPRIETARY FUND

The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Fund

This fund accounts for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The sewer fund accounts for all activities related to the sewage collection system.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The proprietary fund also uses the accrual basis of accounting.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The Village reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Village receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

The Village considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

E) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. In accordance with the provisions of GASB 34 the Village has elected to capitalize the cost of government fund infrastructure assets after the implementation date of GASB 34. Prior acquisitions or construction costs of infrastructure assets will not be recorded.

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) CAPITAL ASSETS (Continued)

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land	N/A
Improvements	15 – 50 Years
Furniture and Equipment	5 – 20 Years
Vehicles	5 Years

F) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

G) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

At June 30, 2005, the following funds reported deficits in fund balance or fund net assets, which are violations of state statute:

Governmental Fund	
Municipal Complex Fund	\$ (641)
Capital Improvement Bond	(607)

H) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I) BUDGETS

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Two to three months prior to the beginning of the ensuing fiscal year, the Village Council reviews a proposed operating budget which includes proposed revenues and expenditures.
- 2) Prior to the beginning of the ensuing fiscal year, the Village Council passes a general appropriations act reflecting formal budget approval in accordance with the Michigan Uniform Budget Act.
- 3) Budgets for the general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- 4) Budgeted amounts in this report are as originally adopted or as amended by the Village Council. Amendments were not material in relation to the original appropriations which were amended.

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

P.A. 621 of 1978, Section 18 (1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted to the functional level.

4) INVESTMENTS

In accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended. The Village of Goodrich is empowered to invest in the following:

- A) In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- B) In certificates of deposits, savings account, deposit account, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of Michigan or the United States.
- C) In commercial paper rated at the time of purchase within the highest classifications, as established by rating services that matures not more than 270 days after the date of purchase.
- D) In United States government of federal agency obligation repurchase agreements.
- E) In banker's acceptance of United States banks.
- F) Repurchase agreement shall be negotiated only with dealers or financial institutions with whom the Village has negotiated a Master Repurchase Agreement. Repurchase Agreements must be signed with the bank or dealer and must contain provisions similar to those outlined in the Public Security Association's model Master Repurchase Agreement.
- G) Mutual funds registered under the investment company Act of 1940, title 1 chapter 686, 54 Stat. 789, 15 U.S.C. 80 a-1 to 80a-3 and 80-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment are limited to funds whose intention is to maintain a net assets value of \$1.00 per share.
- H) Investment pools organized under the surplus funds investment pool act of Michigan, 1982 PA 367,
- I) Obligations described in subdivisions (a) through (f), as named above if purchased through an interlocal agreement under the urban cooperation act of 1967.

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>GOVERNMENTAL ACTIVITIES</u>				
Land	\$150,000	\$0	\$0	\$150,000
Buildings and Improvements	0	933,119	0	933,119
Furniture and Equipment	45,350	35,685	0	81,035
Leasehold Improvements	32,905	67,355	0	100,260
Vehicles	88,645	69,185	0	157,830
Totals at Historical Cost	\$316,900	\$1,105,344	\$0	\$1,422,244
Less: Accumulated Depreciation				
Building and Improvements	0	(13,390)	0	(13,390)
Furniture and Equipment	(18,600)	(9,070)	0	(27,670)
Leasehold Improvements	0	(2,194)	0	(2,194)
Vehicles	(57,778)	(9,719)	(8,010)	(59,487)
Total Accumulated Depreciation	(\$76,378)	(\$34,373)	(\$8,010)	(\$102,741)
<u>GOVERNMENTAL ACTIVITIES</u> <u>CAPITAL ASSETS - NET</u>	<u>\$240,522</u>	<u>\$1,070,971</u>	<u>(\$8,010)</u>	<u>\$1,319,503</u>
<u>BUSINESS - TYPE ACTIVITIES</u>				
Sewer System	\$2,204,215	\$0	\$0	\$2,204,215
Less: Accumulated Depreciation	(727,329)	(55,907)	0	(783,236)
<u>BUSINESS - TYPE ACTIVITIES</u> <u>CAPITAL ASSETS - NET</u>	<u>\$1,476,886</u>	<u>(\$55,907)</u>	<u>\$0</u>	<u>\$1,420,979</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

	Governmental	Business - Type	TOTAL
General Government	\$ 15,584	\$ 55,907	\$ 71,491
Village Property	18,789	0	18,789
<u>TOTAL</u>	<u>\$ 34,373</u>	<u>\$ 55,907</u>	<u>\$ 90,280</u>

6) FUND BALANCE RESERVES

RESERVED FUND BALANCE

Reserved for Project DARE

General Fund

\$ 10,792

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

7) PROPERTY TAX

The Village levies its property taxes on July 1 and collects its own property taxes until February. The delinquent real property taxes of the Village are purchased by the County of Genesee, and delinquent personal property taxes continue to be collected by the Village and recorded as revenue as they are collected. The County sells tax notes, the proceeds of which have been used to pay the Village for these property taxes. These taxes have been recorded as revenue for the current year.

8) GENERAL LONG-TERM DEBT

A) CONTRACTS PAYABLE

The Village is indebted to Davison State Bank in the amount of \$145,000 bearing interest at 4.79% for the purchase of land. The contract is payable in annual installments with interest payable in semi-annual installments. The contract is secured by property. The contract matures May 1, 2012. The balance at June 30, 2005 was \$109,000.

The Village is indebted to Davison State Bank in the amount of \$48,596 bearing interest at 2.91%. The contract is payable in monthly installments of \$872 including interest. The contract is secured by a 2003 pickup truck. The contract matures October 21, 2007. The balance at June 30, 2005 was \$23,556.

B) BONDS PAYABLE

The Village of Goodrich has issued general obligation bonds for the purpose of defraying the cost of various additions and improvements as follows:

<u>BONDS</u>	<u>ISSUE AMOUNT</u>	<u>BONDS OUTSTANDING</u>	<u>INTEREST RATE</u>
Sewage Disposal System No.5 Refunding Bonds	\$ 1,155,000	\$ 295,000	3.75% to 4.45%
Special Assessment Limited Tax Bonds, Series 1996	285,000	160,000	5.60% to 7.50%
Michigan Transportation Fund Bonds, Series 1996	155,000	95,000	5.60% to 7.50%
Capital Improvement Bond, Series 2003	1,060,000	1,070,000	4.25%

The Capital Improvement Bond, Series 2003 has withdrawn only \$982,000 of the \$1,060,000 of bond proceeds. This bond has a balance of \$78,000 still left to be drawn.

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

8) GENERAL LONG-TERM DEBT (Continued)

C) ANNUAL PRINCIPAL REQUIREMENTS

<u>GOVERNMENTAL ACTIVITIES</u>				
<u>JUNE 30</u>	<u>Bonds Payable</u>	<u>Contracts Payable</u>	<u>Interest</u>	<u>Total</u>
2006	\$41,000	\$22,913	\$63,047	\$126,960
2007	41,000	24,205	60,140	125,345
2008	47,000	18,438	57,058	122,496
2009	52,000	16,000	53,833	121,833
2010	53,000	16,000	48,165	117,165
2011-2015	152,000	35,000	212,485	399,485
2016-2020	89,000	0	186,171	275,171
2021-2025	110,000	0	165,111	275,111
2026-2030	137,000	0	138,997	275,997
2031-2035	169,000	0	106,569	275,569
2036-2040	210,000	0	66,513	276,513
2041-2044	204,000	0	39,968	243,968
Less: Amount to be Withdrawn from 2003 Bonds	(78,000)	0	0	(78,000)
<u>TOTAL</u>	<u>\$1,227,000</u>	<u>\$132,556</u>	<u>\$1,198,057</u>	<u>\$2,557,613</u>

<u>BUSINESS-TYPE ACTIVITIES</u>			
<u>JUNE 30</u>	<u>Bonds Payable</u>	<u>Interest</u>	<u>Total</u>
2006	\$145,000	\$9,865	\$154,865
2007	150,000	3,338	153,338
<u>TOTAL</u>	<u>\$295,000</u>	<u>\$13,203</u>	<u>\$308,203</u>

The interest expenditures on long-term obligations for the year were \$53,439.

D) CHANGES IN GENERAL LONG-TERM DEBT

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005	Amount Due in One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$831,000	\$436,000	\$40,000	\$1,227,000	\$41,000
Contracts Payable	155,186	0	22,630	132,556	22,913
<u>Total Governmental Activities</u>	<u>\$986,186</u>	<u>\$436,000</u>	<u>\$62,630</u>	<u>\$1,359,556</u>	<u>\$63,913</u>
<u>Business-Type Activities:</u>					
Bonds Payable	\$435,000	\$0	\$140,000	\$295,000	\$145,000

10) OPERATING LEASE

The Village ended its lease for its old facilities in October, 2004. The total lease expense for the year ended June 30, 2005 was \$2,505.

VILLAGE OF GOODRICH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

11) INTERFUND BALANCES

Interfund balances at June 30, 2005 consisted of the following:

DUE FROM	DUE TO	
		GENERAL FUND
Special Revenue Funds		14,787
Capital Improvement Bond		691
Municipal Complex Fund		10,912
Public Improvement Fund		30,265
Proprietary Fund		19,721
<u>TOTAL</u>		<u>\$76,376</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

12) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2005, consisted of the following:

TRANSFERS TO	TRANSFERS FROM			
	GENERAL FUND	SPECIAL REVENUE	PROPRIETARY FUND	TOTAL
Municipal Complex	\$14,187	\$0	\$0	\$14,187
Debt Retirement	32,658	15,718	9,537	57,913
Special Revenue	9,613	0	0	9,613
<u>TOTAL</u>	<u>\$56,458</u>	<u>\$15,718</u>	<u>\$9,537</u>	<u>\$81,713</u>

The general fund charges the Major and Local Street funds for equipment rental, based on a fee schedule computed on an hourly basis.

13) RETIREMENT PLAN

The Village provides pension benefits for its full-time non- union employees. The pension plan is a money purchase pension plan whereby benefits received upon termination or retirement depend solely on amounts contributed to the plan plus investment earnings. The current year covered payroll was \$157,588. The Village's total payroll amounted to \$233,415. The Village's contribution amounted to \$7,200.

14) CONCENTRATIONS OF CREDIT RISK

The Village has significant receivables due from its local residents for tap in fees and user fees for its sewage system. The Village can add unpaid fees to the property owners tax bill creating an enforceable lien.

15) CONTINGENCIES AND COMMITMENTS

The Village is subject to certain claims and litigation. In the opinion of management and their legal counsel, the outcome of such matters will not have a material effect on the financial position of the Village.

16) RISK MANAGEMENT

The Village is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The Village limits its exposure to such claims through its participation in and payments of premiums for insurance coverages. The Village management believes that this provides sufficient coverage to protect the Village from any significant adverse financial impact.

**OTHER SUPPLEMENTAL
INFORMATION**

VILLAGE OF GOODRICH, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2005

	Special Revenue Funds	Debt Retirement Funds	Total Other Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$87,829	\$266	\$88,095
Accounts Receivable	15,187	0	15,187
<u>TOTAL ASSETS</u>	<u>\$103,016</u>	<u>\$266</u>	<u>\$103,282</u>
<u>LIABILITIES</u>			
Accounts Payable	\$1,127	\$0	\$1,127
Due to Other Funds	14,787	691	15,478
Total Liabilities	\$15,914	\$691	\$16,605
<u>FUND BALANCES</u>			
Reserved - Debt Retirement	0	(425)	(425)
Unreserved	87,102	0	87,102
Total Fund Balances	\$87,102	(\$425)	\$86,677
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$103,016</u>	<u>\$266</u>	<u>\$103,282</u>

VILLAGE OF GOODRICH, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Special Revenue Funds	Debt Retirement Funds	Total Other Governmental Funds
<u>REVENUES</u>			
State Sources	\$93,891	\$0	\$93,891
Other Sources	1,242	4	1,246
Total Revenues	<u>\$95,133</u>	<u>\$4</u>	<u>\$95,137</u>
<u>EXPENDITURES</u>			
Special Revenue	84,957	0	84,957
Debt Service	0	57,966	57,966
Total Expenditures	<u>\$84,957</u>	<u>\$57,966</u>	<u>\$142,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$10,176	(\$57,962)	(\$47,786)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers to (from) Other Funds	(6,105)	57,913	51,808
Net Change in Fund Balance	<u>\$4,071</u>	<u>(\$49)</u>	<u>\$4,022</u>
<u>NET ASSETS - BEGINNING</u>	<u>83,031</u>	<u>(376)</u>	<u>82,655</u>
<u>NET ASSETS - ENDING</u>	<u><u>\$87,102</u></u>	<u><u>(\$425)</u></u>	<u><u>\$86,677</u></u>

VILLAGE OF GOODRICH, MICHIGAN
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2005

	<u>HIGHWAY FUNDS</u>		
	<u>Major Street</u>	<u>Minor Street</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$45,416	\$42,413	\$87,829
Accounts Receivable	10,033	5,154	15,187
<u>TOTAL ASSETS</u>	<u>\$55,449</u>	<u>\$47,567</u>	<u>\$103,016</u>
<u>LIABILITIES</u>			
Accounts Payable	\$895	\$232	\$1,127
Due to Other Funds	6,947	7,840	14,787
Total Liabilities	\$7,842	\$8,072	\$15,914
<u>FUND EQUITY</u>			
Unreserved	47,607	39,495	87,102
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$55,449</u>	<u>\$47,567</u>	<u>\$103,016</u>

VILLAGE OF GOODRICH, MICHIGAN
SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

	<u>HIGHWAY FUNDS</u>		<u>Total After</u>
	<u>Major</u>	<u>Minor</u>	<u>Interfund</u>
	<u>Street</u>	<u>Street</u>	<u>Eliminations</u>
<u>REVENUES</u>			
<u>State Sources</u>	\$62,030	\$31,861	\$93,891
<u>Other Sources</u>			
Interest	692	550	1,242
Total Revenues	\$62,722	\$32,411	\$95,133
<u>OTHER FINANCING SOURCES</u>			
Transfer from Major Street	0	24,884	0
Transfer from General Fund	0	9,613	9,613
Total Other Financing Sources	\$0	\$34,497	\$9,613
Total Revenues and Other Financing Sources	\$62,722	\$66,908	\$104,746
<u>EXPENDITURES</u>			
<u>Highways, Streets and Bridges</u>			
Salaries and Wages	21,058	21,795	42,853
Payroll Taxes	1,747	1,783	3,530
Fringe Benefits	839	881	1,720
Maintenance and Repairs	16,620	20,053	36,673
Miscellaneous	0	36	36
Total Expenditures	\$40,409	\$44,548	\$84,957
<u>OTHER FINANCING USES</u>			
Transfer to Minor Street	24,884	0	0
Transfer to Michigan Transportation Bonds	0	15,718	15,718
Total Other Financing Uses	\$24,884	\$15,718	\$15,718
Total Expenditures and Other Financing Uses	\$65,293	\$60,266	\$100,675
<u>EXCESS REVENUES AND OTHER FINANCING</u>			
<u>SOURCES OVER (UNDER) EXPENDITURES</u>			
<u>AND OTHER FINANCING USES</u>	<u>(\$2,571)</u>	<u>\$6,642</u>	<u>\$4,071</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>\$50,178</u>	<u>\$32,853</u>	<u>\$83,031</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$47,607</u>	<u>\$39,495</u>	<u>\$87,102</u>

VILLAGE OF GOODRICH, MICHIGAN
DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEETS
AS OF JUNE 30, 2005

	Capital Improvement Bond	Michigan Transportation Bonds Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$84	\$182	\$266
<u>TOTAL ASSETS</u>	<u>\$84</u>	<u>\$182</u>	<u>\$266</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$691	\$0	\$691
<u>FUND EQUITY</u>			
Reserved - Debt Retirement	(607)	182	(425)
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$84</u>	<u>\$182</u>	<u>\$266</u>

VILLAGE OF GOODRICH, MICHIGAN
DEBT RETIREMENT FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

	Capital Improvement Bond	Michigan Transportation Bonds Fund	Total
<u>REVENUES</u>			
<u>Other Sources</u>			
Interest Income	\$0	\$4	\$4
<u>OTHER FINANCING SOURCES</u>			
Transfer from Other Funds	42,195	15,718	57,913
Total Revenues and Other Financing Sources	<u>\$42,195</u>	<u>\$15,722</u>	<u>\$57,917</u>
<u>EXPENDITURES</u>			
Principal Paid	10,000	10,000	20,000
Interest	32,386	5,305	37,691
Other Expense	0	275	275
Total Expenditures	<u>\$42,386</u>	<u>\$15,580</u>	<u>\$57,966</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>	<u>(\$191)</u>	<u>\$142</u>	<u>(\$49)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>(\$416)</u>	<u>\$40</u>	<u>(\$376)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>(\$607)</u>	<u>\$182</u>	<u>(\$425)</u>

VILLAGE OF GOODRICH, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2005

TAX COLLECTIONS

Property Taxes	\$413,469
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STATE SOURCES

Sales and Use Tax	98,260
Liquor License	1,998
Total State Sources	<hr/> \$100,258

FEDERAL SOURCES

Community Development Block Grant	14,187
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OTHER SOURCES

Equipment Rental	25,797
Garbage Collection Fees	57,648
Interest Earned	6,337
Fines, Fees and Permits	51,159
Atlas Township Library	6,323
Charter Communications	5,393
Miscellaneous Revenue	17,114
Total Other Sources	<hr/> \$169,771

TOTAL REVENUES

	<hr/> \$697,685 <hr/>
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VILLAGE OF GOODRICH, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2005

GENERAL GOVERNMENT

Manager's Salary	\$28,686
Clerk's Salary	12,889
Treasurer's Salary	10,005
Secretary's Salary	9,635
Accounting Fees	5,935
Legal	17,235
Telephone	3,875
Printing and Publishing	3,630
Insurance	19,546
Payroll Taxes	4,088
Planner	9,798
Fringe Benefits	15,795
Office Operations	7,682
Supplies	1,982
Postage	1,857
Maintenance Contracts	1,419
Memberships and Dues	1,841
Rent and Utilities	6,030
Training	2,047
Land Purchase	18,849
Equipment	279
Total General Government	<u>\$183,103</u>

LEGISLATIVE

Council's Salary	3,241
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ELECTIONS

Salaries and Wages	1,638
Supplies	426
Printing	904
Total Elections	<u>\$2,968</u>

POLICE PROTECTION

Legal Fees	150
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COMMUNITY CENTER

Salaries and Wages	7,437
Supplies	120
Utilities and Telephone	6,345
Maintenance and Repairs	5,856
Miscellaneous	120
Total Community Center	<u>\$19,878</u>

VILLAGE OF GOODRICH, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2005

<u>VILLAGE PROPERTY</u>	
Salaries and Wages	\$32,092
Supplies	1,671
Gas and Oil	4,256
Utilities	9,096
Engineering	39,441
Tree Removal	1,325
Maintenance and Repairs	38,469
Mill Pond Spraying	4,150
Beautification	1,294
Miscellaneous	717
Equipment Purchase	90,652
Total Village Property	<u>\$223,163</u>
<u>HIGHWAYS, STREETS AND BRIDGES</u>	
Drains	51,861
Street Lighting	22,029
Total Highways, Streets and Bridges	<u>\$73,890</u>
<u>PARKS AND RECREATION</u>	
Salaries and Wages	10,030
Supplies	122
Maintenance and Repairs	5,763
Total Parks and Recreation	<u>\$15,915</u>
<u>BUILDING INSPECTOR</u>	
Salaries and Wages	41,245
Dues and Membership	100
Rent	1,177
Miscellaneous	309
Total Building Inspector	<u>\$42,831</u>
<u>GARBAGE COLLECTION</u>	
Contract Services	57,255
<u>PLANNING</u>	
Planning Commission	700
<u>ZONING BOARD</u>	
Board of Appeals	<u>160</u>
<u>Total Expenditures</u>	<u>\$623,254</u>
<u>OTHER FINANCING USES</u>	
Transfer to Municipal Complex	14,187
Transfer to 2003 Debt	32,658
Transfer to Major & Minor Streets	9,613
Total Other Financing Uses	<u>\$56,458</u>
<u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u>	<u><u>\$679,712</u></u>

VILLAGE OF GOODRICH, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2005

GENESEE COUNTY SEWAGE DISPOSAL SYSTEM NO. 5 - REFUNDING BONDS
(Village of Goodrich Section), Interest Coupon Rates 3.75% to 4.45%

Amount Authorized: \$1,155,000

<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST AMOUNT NOVEMBER 1</u>	<u>INTEREST AMOUNT MAY 1</u>	<u>TOTAL</u>
2005-2006	\$145,000	\$6,527	\$3,337	\$154,864
2006-2007	150,000	3,338	0	153,338
<u>TOTAL</u>	<u>\$295,000</u>	<u>\$9,865</u>	<u>\$3,337</u>	<u>\$308,202</u>

SPECIAL ASSESSMENT LIMITED TAX BONDS, SERIES 1996
Ridge Road/Janaroy Court Improvements, Interest Coupon Rates 5.6% to 7.5%

Original amount of issue - \$285,000

<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>AMOUNT NOVEMBER 1</u>	<u>AMOUNT MAY 1</u>	<u>TOTAL</u>
2005-2006	\$20,000	\$4,255	\$3,755	\$28,010
2006-2007	20,000	3,755	3,245	27,000
2007-2008	20,000	3,245	2,725	25,970
2008-2009	25,000	2,725	2,063	29,788
2009-2010	25,000	2,062	1,387	28,449
2010-2011	25,000	1,388	700	27,088
2011-2012	25,000	700	0	25,700
<u>TOTALS</u>	<u>\$160,000</u>	<u>\$18,130</u>	<u>\$13,875</u>	<u>\$192,005</u>

MICHIGAN TRANSPORTATION BONDS FUND, SERIES 1996
Ridge Road/Janaroy Court Improvements, Interest Coupon Rates 5.6% to 7.5%

Original amount of issue - \$155,000

<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>AMOUNT NOVEMBER 1</u>	<u>AMOUNT MAY 1</u>	<u>TOTAL</u>
2005-2006	\$10,000	\$2,530	\$2,280	\$14,810
2006-2007	10,000	2,280	2,025	14,305
2007-2008	15,000	2,025	1,635	18,660
2008-2009	15,000	1,635	1,238	17,873
2009-2010	15,000	1,237	832	17,069
2010-2011	15,000	833	420	16,253
2011-2012	15,000	420	0	15,420
<u>TOTALS</u>	<u>\$95,000</u>	<u>\$10,960</u>	<u>\$8,430</u>	<u>\$114,390</u>

VILLAGE OF GOODRICH, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2004

CAPITAL IMPROVEMENT BOND, SERIES 2003

Amount Authorized: \$1,060,000

DATE	INTEREST RATE	PRINCIPAL AMOUNT	INTEREST AMOUNT NOVEMBER 1	INTEREST AMOUNT MAY 1	TOTAL
2005-2006	4.25%	\$11,000	\$22,312	\$22,079	\$55,391
2006-2007	4.25%	11,000	22,079	21,845	54,924
2007-2008	4.25%	12,000	21,845	21,590	55,435
2008-2009	4.25%	12,000	21,590	21,335	54,925
2009-2010	4.25%	13,000	21,335	21,059	55,394
2010-2011	4.25%	13,000	21,058	20,782	54,840
2011-2012	4.25%	14,000	20,783	20,485	55,268
2012-2013	4.25%	14,000	20,485	20,188	54,673
2013-2014	4.25%	15,000	20,187	19,869	55,056
2014-2015	4.25%	16,000	19,869	19,529	55,398
2015-2016	4.25%	16,000	19,529	19,189	54,718
2016-2017	4.25%	17,000	19,188	18,827	55,015
2017-2018	4.25%	18,000	18,828	18,445	55,273
2018-2019	4.25%	19,000	18,445	18,041	55,486
2019-2020	4.25%	19,000	18,041	17,638	54,679
2020-2021	4.25%	20,000	17,637	17,212	54,849
2021-2022	4.25%	21,000	17,213	16,766	54,979
2022-2023	4.25%	22,000	16,766	16,299	55,065
2023-2024	4.25%	23,000	16,299	15,810	55,109
2024-2025	4.25%	24,000	15,810	15,300	55,110
2025-2026	4.25%	25,000	15,300	14,769	55,069
2026-2027	4.25%	26,000	14,768	14,216	54,984
2027-2028	4.25%	27,000	14,216	13,643	54,859
2028-2029	4.25%	29,000	13,642	13,026	55,668
2029-2030	4.25%	30,000	13,026	12,389	55,415
2030-2031	4.25%	31,000	12,389	11,730	55,119
2031-2032	4.25%	32,000	11,730	11,050	54,780
2032-2033	4.25%	34,000	11,050	10,328	55,378
2033-2034	4.25%	35,000	10,327	9,584	54,911
2034-2035	4.25%	37,000	9,584	8,797	55,381
2035-2036	4.25%	38,000	8,798	7,990	54,788
2036-2037	4.25%	40,000	7,990	7,140	55,130
2037-2038	4.25%	42,000	7,140	6,248	55,388
2038-2039	4.25%	44,000	6,247	5,312	55,559
2039-2040	4.25%	46,000	5,313	4,335	55,648
2040-2041	4.25%	48,000	4,335	3,315	55,650
2041-2042	4.25%	50,000	3,315	2,253	55,568
2042-2043	4.25%	52,000	2,252	1,147	55,399
2043-2044	4.25%	54,000	1,148	0	55,148
<u>TOTAL</u>		<u>\$1,050,000</u>	<u>\$561,869</u>	<u>\$539,560</u>	<u>\$2,151,429</u>



Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

September 2, 2005

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Council
Village of Goodrich, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2005, which collectively comprise the Village of Goodrich's basic financial statements and have issued our report thereon dated September 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Goodrich's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Goodrich's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lewis & Knopf P.C.
LEWIS & KNOFF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS